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CONFIDENTIAL



PRC: PRICES OF KEY MATERIALS RAISED

State-set prices for within-plan sales of steel products and cement were hiked sharply earlier this year, according to press reports. Steel product prices were increased 25-55%, approaching domestic "free" market prices; official and free market prices of cement were unified by jumping the state price 40%.

Comment: These corrective price adjustments may be cited as "reformist." *[Signature]*

BI AS

Fixed prices of other producer goods probably will be adjusted gradually upwards so long as inflation remains below two digits.

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DETACH	STATE	IS/FPC/CDR
<input type="checkbox"/> RELEASE	100-1000	100-1000
<input checked="" type="checkbox"/> EXCISE	✓	EXCISE
<input type="checkbox"/> DOL	100-1000	EXCISE
<input type="checkbox"/> DELETE Non-FPC/CDR Info		TS 20%
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